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C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 000188

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TAGS: [ECON](#) [KDEM](#) [PGOV](#) [PREL](#) [SENV](#) [VE](#)
SUBJECT: AMBASSADOR VISITS MARACAIBO AND ZULIA STATE

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Classified By: Robert Downes, Political Counselor,
for Reasons 1.4 (b) and (d)

11. (SBU) SUMMARY: Ambassador Duddy visited Maracaibo in Zulia state February 7-9, 2008 meeting with American & local business leaders, students, news media, opposition party mayors and the state Governor of Zulia. All groups encouraged increased interaction with the USG. Crime, and particularly kidnapping and the opening of the Maracaibo "consulate", actually an American Presence Post (APP), were constant refrains from our interlocutors. They agreed that Chavez' support is being eroded by food shortages and lawlessness. The Ambassador highlighted the Embassy's involvement in the region with his visit to the highly successful bi-national center CEVAZ and via a donation of emergency rescue equipment to a local fire brigade. The Ambassador met the editorial boards of Zulia's two largest dailies and gave interviews to radio, television and print. Independent media coverage was ample and positive throughout the visit. END SUMMARY.

OIL BINDS

12. (SBU) The Ambassador began his trip to Maracaibo by visiting the Petroboscan oil field on February 7. Petroboscan is a joint venture between PDVSA (60%), Chevron (39.2%), and INE Boscan (.8%). The Boscan covers 242 square miles and contains 27 billion barrels of oil. Chevron officials stated they have good relations because their PDVSA counterparts let Chevron concentrate on oil production, not politics. They said Boscan has been very profitable for Chevron due in large part to its very low operating costs (around USD 3.50 per barrel compared to the industry average of USD 7.25).

BUSINESS

13. (SBU) The Ambassador also visited the Baker Hughes manufacturing facility, which manufacture a wide variety of oil services industry products such as drill bits and pumps. Baker Hughes executives noted they frequently faced payment delays as well as delays in the awarding of contracts. They also noted that experienced local personnel are constantly seeking professional opportunities outside of Venezuela. Although most departing local personnel stay in the Baker Hughes system, their loss poses operational difficulties for Baker Hughes, Venezuelan units.

¶4. (SBU) At a dinner hosted by the executive committee of the local Venezuelan American Chamber of Commerce (VenAmCham) the members' interest in the re-opening of the Maracaibo APP played as prominently as their complaints about crime and the difficulties of doing business because of government intervention in the private sector. The VenAmCham board also sought ideas about hosting an international environmental event to generate interest in restoring the heavily polluted lake Maracaibo.

ZULIA STATE GOVERNMENT

¶5. (C) The Ambassador received warm welcomes from opposition Zulia Governor and unsuccessful presidential candidate, Manuel Rosales and the mayors of Santa Rita and San Francisco. Rosales expressed his admiration and respect for the long-standing relationship between Zulia and the U.S. He dismissed Chavez' policies toward price controls, the U.S. and the FARC as short sighted and counter-productive. Rosales expressed his thanks for embassy assistance for the state's airport surveillance program and asked if additional help could be made available for x-ray technology. (Note: NAS has dedicated USD 250K for video surveillance on all key parts of the airport. End Note.)

¶6. (C) Zulia Secretary of Agriculture Juan Romero explained to the Ambassador in a February 9 meeting that Rosales created his office to improve Zulia's agricultural production. Noting that Zulia once produced 70 percent of Venezuela's milk and today only 40 percent, Romero explained that kidnapping fears and insecurity trumped price controls or expropriation as the biggest detriments to agricultural production in the countryside. Romero expressed his appreciation for APHIS support in controlling foot and mouth disease and his plans to work with APHIS to introduce U.S. biotechnology to improve milk production.

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DONATIONS

¶7. (C) The Ambassador presided over a February 8 televised ceremony donating emergency medical equipment, provided by USSOUTHCOM through its Humanitarian Aid Program (HAP), to the town of Santa Rita. Mayor Alenis Guerrero and Herman Bracho, the Regional Director of the Civil Protection, commented that since Zulia is strongly opposed to Chavez it receives very little in the way of financial or material support from the national government. Both officials were pleased to receive the items and strongly desire a continuation of their ties with the U.S. Embassy.

¶8. (C) Opposition Mayor Saady Bijani of San Francisco, population 500,000, met the Ambassador in his office on February 9. Explaining how he incorporated the town 13 years ago, Bijani credited U.S. support (a sister city relationship with Broward, FL) in helping him create one of the best municipal police forces in Venezuela. He also described his plan to start the city's own fire brigade with the help of the Hialeah Fire Department. (Note: Bijani accused Chavez of letting the FARC and criminal gangs roam Venezuela "like dogs in the house." End Note)

METING THE PRESS

¶9. (SBU) The Ambassador met the editorial board of "La Verdad" (The Truth), on February 8, a pro-opposition newspaper created to challenge the monopoly of pro-government "Panorama". A member of "La Verdad" will cover the Texas primary elections as part of an IV program. "Panorama", Zulia's largest newspaper, met the Ambassador on February 9. The U.S.-educated Pineda family runs a large business conglomerate, including "Panorama", and they reiterated comments heard earlier about the APP, crime, price controls and Chavez' sagging popularity.

COMMENT

¶10. (C) Kidnapping and extortion are endemic in the state of Zulia and its capital Maracaibo. These crimes range from "express kidnappings" to sophisticated ransom operations involving the Colombian FARC terrorist group. This has even affected food production as ranchers are fearful of remaining overnight on their lands. A kidnapping consultant opined that local police lacked both the hardware and training to effectively resolve cases. Mayor Bijani said that, if elected Governor, he would request U.S. assistance to effectively employ Zulia's 5000 state police in stopping kidnapping.

¶11. (SBU) All the Ambassador's public events garnered significant and positive coverage in the independent media, from his meeting with Governor Rosales, donating emergency equipment to first responders, to meeting with U.S.-sponsored College Horizon program students at the bi-national center. Even pro-government "Panorama" gave positive coverage, both of the visit and in the interview with the Ambassador. The Ambassador's radio interview and televised Q & A with students at a university television station also gave him a platform to discuss the broad and deep bilateral ties and refute BRV-inspired charges of U.S. skullduggery.

¶12. (SBU) The BRV reacted aggressively to the Ambassador's activities, with the official government television network VTV dedicating several hours of airtime on February 7 pillorying both the Ambassador and Governor Rosales. At one point ex-Finance Minister, and aspiring Chavista successor to Rosales, Rodrigo Cabezas phoned into the program live to rail against the Ambassador's visit to Zulia.

¶13. (C) The Ambassador's first visit to Maracaibo served to highlight America's long standing business and cultural relationships in the region. Press coverage was prominent, with his message regarding positive U.S. engagement with Venezuela finding a friendly audience. All contacts agreed that the plague of kidnapping and increasing realization that BRV policies are causing the food shortages are eroding Chavez' support. Every elected official expressed his desire to increase ties with the U.S. in the areas of public safety, law enforcement and commerce. The visit, from the warmth of the welcome the Ambassador received to the distaste it provoked from the BRV, is another example of the benefit of publicly engaging Venezuelans at a high level regarding the U.S. interests in a bilateral relationship. END COMMENT.
DUDDY